

## PHP7

**GENERIC-NAME PRESCRIPTION AND PERCEIVED QUALITY IN THE DEMAND FOR PHARMACEUTICALS IN ARGENTINA**  
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**OBJECTIVES:** Pharmaceutical markets are examples of imperfect competition, based on product differentiation associated to perceive quality under a patent scheme. In Argentina, the 25649 law in 2002 defined the “duty to prescribe medicines by the generic name of their active principle”, changing the prior normative that allow brand names in prescriptions. The aim of the initiative was to provide the opportunity for substitution based on prices of products therapeutically equivalent, triggering price reductions and higher access to pharmaceuticals. Considering pharmaceutical markets as an array of sub-markets with non-homogeneous characteristics, this paper focuses on the analysis of two therapeutic classes: hypolipemians and calcium blockers. The objective is to measure the impact of the normative on prices, by using a data set of monthly sales by firm and by brand for the period July 1999–June 2004. **METHODS:** By using a discrete choice model of product differentiation, the econometric implementation shows a panel data analysis where each firm’s market share is explained by price and non-price characteristics, plus a dummy variable that account for normative switch, corrected by macroeconomic variables (exchange rates and economic activity fluctuations). Among non-market characteristics, the estimations consider age of the product as a proxy or reputation builder, manufacturer position in the local market, and nature of the capital (local or multinational firm). **RESULTS:** Results show that product age is significant and positive explanation for market share in both classes studied, while foreign capital and industry leadership have the expected sign just for one of the markets considered. Additionally, price is negative and significant at 99%. **CONCLUSION:** However, price sensitivity to the price increased only about 0.9% and 0.3% for each market because of the normative change, which shows perceived quality as the main explanation for demand, and rejecting the hypothesis of truncated demand function based on loyalty.

## PHP8

**RACIAL/ETHNIC DISPARITIES IN PRESCRIPTION DRUG UTILIZATION AND OUT-OF-POCKET COSTS**Bhandari A

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**OBJECTIVES:** There is very limited existing research on national-level racial/ethnic disparities in overall prescription drug utilization and out-of-pocket prescription drug (OOP PD) expenditures in working-age adults. This analysis used the 2002 Medical Expenditure Panel Survey (MEPS) to study pharmaceutical use and OOP PD expenditure differences across racial/ethnic groups, in a nationally representative population of Asian, Black, Hispanic and White adults age 18–64. **METHODS:** The predisposing, enabling, and need framework of the Andersen Behavioral Model of Health Services Utilization was used to guide hypotheses and variable selection. MEPS is a national survey of health care use, expenditures, sources of payment, and insurance coverage. A negative binomial regression model was used to analyze the number of annual prescriptions and a two-part model was used to model annual OOP PD expenditures. These models adjusted for various demographic, health status, income and insurance coverage variables. **RESULTS:** In unadjusted analyses, Whites filled an average of 10.1 medicines in 2002; this was significantly greater than drug use for Hispanics (4.72), Blacks (8.55) and Asians (4.1),  $p$ -value < 0.05 for all com-

parisons. After adjusting for predisposing, enabling and need factors, statistically significant differences in levels of medication use across racial/ethnic groups remained: compared to Whites, Asians used 47.8%, Blacks 26.2% and Hispanics 39.1%, fewer prescription drugs per year. In unadjusted analyses, Whites had OOP costs of \$218, compared to \$110, \$163, and \$75 for Hispanics, Blacks, and Asians, respectively. After adjustment, among subjects with any drug expenditures, these racial/ethnic groups had 38%, 30% and 56% lower expenditures compared to Whites, respectively. **CONCLUSION:** This study found significant disparities in pharmaceutical use across racial/ethnic groups, even after controlling factors such as income, insurance coverage and health status. Pharmaceutical therapy is critical to health care and lower utilization among minorities may explain why these groups suffer disproportionately from the effects of chronic diseases.

## PHP9

**THE IMPACT OF MAIL ORDER PHARMACY IN DRUG UTILIZATION AND REIMBURSEMENT IN A LARGE RETIREMENT SYSTEM**Seoane-Vazquez E, Rodriguez-Monguio R, Visaria J

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**OBJECTIVES:** The objective of this study was to compare drug utilization and drug net reimbursement for a retiree patient population using mail order pharmacy services with the results of a model simulating the effect of community pharmacy services for the same population. **METHODS:** The data source was a large public employees’ retirement system pharmacy claims data for the period January 2000–September 2005. The unit of analysis was the course of drug therapy (CDT), representing the combination of unique patient ID, and unique. A retrospective cohort study was comparing utilization and reimbursement patterns in community vs. mail order pharmacy. A simulation model was employed to assess drug utilization and reimbursement in community pharmacy using mail order pharmacy claim data. Drug claims were aggregated to obtain a set of courses of drug therapy (CDTs) representing unique patient IDs and unique drug name, formulation, and strength. The model assumed that CDT in community pharmacy would have utilization patterns similar to those found in mail order pharmacy. **RESULTS:** A total of 796,859 CDTs for 138,654 patients were included in the study. Patients had an average of 6.7 CDTs, with 11.4 claims per CDT and an average of 2.5 years in therapy. The study found high drug therapy discontinuation ratios, with 78.1% of all CDTs discontinued during the study period. The use of mail order was estimated to result in an increase of 3.4% in drug utilization in comparison with community pharmacy. The effect of mail order pharmacy on utilization varied by drug and by therapeutic class. **CONCLUSION:** Mail order pharmacy increases drug utilization. Pharmacy benefit managers should implement programs to identify and manage patients, diseases and drug therapies with high therapy discontinuation. Decision makers should carefully evaluate the utilization and cost effects that result from the implementation of mail order pharmacy programs.

## PHP10

**ASSESSING PAYER AND EMPLOYER PERSPECTIVES RELATED TO VALUE IN HEALTH CARE**Bresnahan BY<sup>1</sup>, Carlson R<sup>1</sup>, Garrison LP<sup>1</sup>, Carpenter G<sup>2</sup>, Neumann PJ<sup>3</sup>, Sullivan SD<sup>1</sup>

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